# INTRODUCTION
## 1. The urgency of the research topic

The stock market is an important capital channel of the economy, the stock market only works effectively when the subjects participating in the market fully have certain conditions and capacities to ensure effective business operations. results, of which the Securities Company is one of the key players. In Vietnam, over 20 years of establishment and development, securities companies have grown in both quantity and quality. When the stock market came into operation, the number of new securities companies had 7 companies. In some periods, the number of securities companies has increased to 105 companies, but at present, only 74 securities companies are operating in the market. This fact proves the harshness in the operation of these financial institutions. One of the main reasons leading to the above situation is that the business activities of many securities companies are ineffective, unstable, and not commensurate with the potentials of securities companies. In addition, business performance is one of 5 criteria to classify and evaluate member securities companies in Vietnam according to CAMELS standards. The set of criteria for evaluating and rating member securities companies under the CAMELS model is a tool for the Stock Exchange to review and evaluate the quality and financial status of the securities companies as well as the sane corporate governance .

In particular, Vietnam has become a member of the World Trade Organization (WTO) and committed to open financial markets including the stock market, and securities companies are facing fierce competition pressure. Therefore, securities companies members of the Stock Exchange must always create and maintain competitive advantages: quality and difference of products and services, price and supply speed. In order to do so, the stock companies of the Stock Exchange must continuously improve the efficiency of their business activities, to confirm their capacity, create confidence for foreign investors and create a firm foothold in the domestic market. the current context of deep international integration.

Moreover, in order to well serve the operation of the derivative stock market that has come into operation and developed in Vietnam, it is required that the member securities companies of the Stock Exchange have to transform themselves and constantly improve the efficiency of business operations. business. The derivative stock market is a market developed from the underlying stock market. This is also an opportunity for securities companies members of the Stock Exchange to increase income, seek profits and improve business efficiency. However, the derivative stock market also creates many challenges for the member securities companies of the Stock Exchange, requiring the securities companies to prepare well the capital resources, human resources and science and technology to best serve the operation of the derivative market.

Stemming from the above reasons, it can be confirmed that improving business performance is of utmost importance to the member securities companies of the Stock Exchange in Vietnam. Therefore, the selection of the topic "Business performance of member securities companies of the Stock

Exchange in Vietnam" is very necessary in terms of both theory and practice in Vietnam.

## 2. Research objectives and research questions

### 2.1. Objectives of the study

The research objective of the thesis is to systematize the theoretical basis of the business performance of the securities companies, evaluate the current status of business performance of the member securities companies of the Stock Exchange in Vietnam and study the factors affects the business performance of the stock companies of the Stock Exchange in the period 2013-2019. From there, proposing solutions to improve business performance for the member securities companies of the Stock Exchange in Vietnam.

### 2.2. Research question

- What are the basic characteristics of the business performance of the securities companies? Which criteria to evaluate the business performance of securities companies?

- What is the current status of business performance of the stock companies of the Stock Exchange in Vietnam today?

- What factors affect the business performance of member securities companies of the Stock Exchange in Vietnam today and the degree and direction of impact of those factors like?

- What are the current measures to improve business performance of member securities companies of the Stock Exchange in Vietnam?

## 3. Object and scope of the study

### 3.1. Research subjects

The research object of the thesis is the theoretical and practical issues about the business performance of the securities companies.

### 3.2. Research scope

- About the research content: the thesis studies the business performance of securities companies under the perspective of securities managers. Therefore, the thesis focuses on researching economic efficiency of securities companies. At the same time, the thesis selects the rate of return on total assets (ROA) as a representative indicator for the business performance of securities companies and then studies the factors affecting ROA of successful securities companies Stock Exchange staff in Vietnam. On that basis, proposing solutions to improve business performance of stock companies of the Stock Exchange in Vietnam.

- About research space: The thesis focuses on research on business performance of 71 securities companies that are members of the Stock Exchange in Vietnam today.

- About the research period: The thesis studies business performance of 71 securities companies members of the Stock Exchange in Vietnam with research data in the period 2013 - 2019. This is the period after implementing the restructuring project securities companies structure (2012). Therefore, the business performance of the stock companies of the Stock Exchange in Vietnam has many changes compared to the previous period of securities company restructuring. On the basis of assessing the current status of business performance of securities companies in the period 2013-2019, the thesis

proposes solutions to improve business performance of securities companies in the period 2021 - 2025 and orientations towards year 2030.

**4. Research Methodology**

The thesis uses a combination of qualitative research methods and quantitative research.

Qualitative research methods include: Synthetic method, statistical method, description and comparison, analytical methods, methods of using survey questionnaires and in-depth interviews with experts and securities managers. .

- Quantitative research method: The thesis uses multivariate regression model to measure and evaluate the impact of factors affecting business performance of member securities companies of Stock Exchange in Vietnam. through STATA 14 software. The steps to carry out quantitative research include: data collection and cleaning, data description statistics, model defect testing, regression and estimation of variables, thereby assessing the impact of factors such as the micro and macro economy on the business performance of the member securities companies of the Stock Exchange in Vietnam.

**5. New contributions of the thesis**

+ Firstly, the thesis has clarified the view on the business performance of the securities companies, which is associated with the financial security of the securities companies. At the same time, the thesis also completes the system of indicators to evaluate the business performance of the securities companies.

+ Second, the dissertation has evaluated the current status of business performance of the stock companies of the Stock Exchange in Vietnam, pointing out the results achieved, shortcomings, limitations and finding out the cause of the that exists.

+ Third, the thesis measures the impact of factors on the business performance of the stock exchanges members of the Stock Exchange in Vietnam today based on quantitative research with multiple regression models. Variable via STATA software. From there, determine the direction and level of impact of each factor on the business performance of the securities companies.

+ Fourth, the thesis proposes appropriate solutions and recommendations to improve business performance for securities companies based on the development orientation of Vietnam's stock market and development orientation. Securities companies in Vietnam. At the same time based on the assessment of the current situation and determining the impact of these factors on business performance, the thesis also offers new and necessary solutions to improve business performance of securities companies.

**6. The structure of the thesis**

In addition to the introduction, conclusion and appendices, the main content of the thesis includes 4 chapters:

Chapter 1: Overview of research on business performance of securities companies

Chapter 2: Theories about the business performance of the securities companies

Chapter 3: The current situation of business performance of the stock companies of the Stock Exchange in Vietnam

Chapter 4: Solutions to improve business performance of stock exchanges member securities in Vietnam.

# CHAPTER 1
## OVERVIEW OF RESEARCH ON OPERATION EFFICIENCY BUSINESS OF SECURITIES COMPANY

### 1.1. OVERVIEW OF RESEARCH SITUATION

In this content, the author summarizes the research according to 3 issues:

- Firstly, an overview of research on securities companies in Vietnam

- Second, an overview of research on business performance of securities companies.

- Third, an overview of studies on factors affecting business performance of enterprises

### 1.2. OVERVIEW RESEARCH RESULTS AND RESEARCH BACKGROUND

#### 1.2.1. Overall study results

- Firstly, an overview of research on securities companies in Vietnam helps the author to refer to and inherit the contents related to the theoretical basis of securities companies such as the concept of securities companies, characteristics of securities companies, and the role of securities companies. role of securities companies, classification of securities companies and activities of securities companies.

- Second, the research overview on business performance of securities companies helps the author to refer to and inherit the theoretical basis of business performance of securities companies, especially the concept of business performance. business of securities companies; indicators of business performance evaluation of securities companies, solutions to improve business performance of securities companies in Vietnam and some results on factors affecting business performance of securities companies.

- Thirdly, studies on factors affecting business performance of enterprises often use traditional panel data analysis methods such as pooled OLS regression (Pooled OLS), model of the fixed effects (FEM) and random effects model (REM). The dependent variables included in the model are ROA and ROE, the independent variables include: capital size, capital structure, cost to operating revenue ratio, revenue growth rate, long asset ratio This is also the basis for the author to choose the research method, research model and the variables included in the model accordingly. with the characteristics of securities companies.

#### 1.2.2 Research gap

Firstly, from the research overview, it can be seen that there is no scientific work that uses the quantitative model to study the factors affecting the business performance of the member securities companies of the Stock Exchange in Vietnam. In recent years. Therefore, this is a research gap of the thesis.

Secondly, about the research period, there has not been any scientific research on the business performance of securities companies that are members of the Stock Exchange in Vietnam in the period 2013-2019. Previous studies on

business performance, mainly focused on the period before 2012 or up to 2014. Therefore, the research gap of the thesis is to study the business performance of enterprises. Securities company member of the Stock Exchange in Vietnam in the period of 2013-2019.

## CHAPTER 2
## THEORY ON BUSINESS EFFICIENCY OF SECURITIES COMPANY

### 2.1. SECURITIES COMPANY OVERVIEW
### 2.1.1. Characteristics of securities companies
### 2.1.2. The role of securities companies
### 2.1.3. Organizational model and operating model of a securities company
### 2.1.4. Securities company operations
### 2.2. BUSINESS PERFORMANCE OF SECURITIES COMPANY
### 2.2.1. Perspectives on business performance of securities companies

According to the author's point of view, from the perspective of the management of a securities company, the author believes that: "Business performance of a securities company is the economic efficiency that a securities company achieves through business activities. It reflects the level of using input resources to achieve the economic goals of the securities companies in general and the objectives for each operation of the securities companies in particular, but still must ensure financial safety for the securities companies ".

Securities company managers always want to achieve the highest business efficiency from the company's professional activities. High business performance will help securities companies improve their reputation, affirm their position in the market, and create favorable conditions for the expansion and development of business activities. However, the managers of securities companies must always combine the goal of improving business performance with the goal of ensuring financial safety for the securities company. Thus, the new securities companies ensure both improving business performance and sustainable development on the stock market.

### 2.2.2. Indicators to evaluate the business performance of securities companies

In order to evaluate the business performance of securities companies, the thesis proposes three groups of criteria including: indicators to evaluate the effectiveness of each operation of securities companies, indicators of profitability and other indicators. financial safety assessment of securities companies.

### 2.2.2.1. Indicators to evaluate the effectiveness of each operation of securities companies
* Contribution to total revenue of each activity
* Revenue growth for each activity
* Cost-to-revenue ratio of each activity
### 2.2.2.2. Indicators to evaluate the profitability of securities companies
* Return on assets (ROA)
* Return on net sales (ROS)
* Economic Return on Assets (BEP)

\* Return on Equity (ROE)

### 2.2.2.3. Financial safety assessment criteria of securities companies

\* Available capital ratio

\* Ratio of accounts receivable / total assets

## 2.3. FACTORS AFFECTING BUSINESS EFFICIENCY OF Securities Company

### 2.3.1. Objective factors

Objective factors affecting the business performance of securities companies include: political economic stability, legal system and legal environment, the development of the stock market, the development of the securities market. science and technology, commitment to opening the financial market and factors belonging to investors

### 2.3.2. Subjective factors

The subjective factors affecting the business performance of the securities companies include: The size of the securities companies' capital, the asset structure and capital structure of the securities companies, the organizational model and operating model of the securities companies, the management capacity and risk management of the securities company, the personnel of the securities company, the technical facilities of the securities company and the quality of services of the securities company.

## 2.4. EXPERIENCE IN IMPROVING BUSINESS PERFORMANCE OF SECTORS IN SOME COUNTRIES IN THE WORLD AND LEARNINGS FOR VIETNAM.

### 2.4.1. Nomura Securities Company - Japan

### 2.4.2. SHINKO Securities Company - Japan

### 2.4.3. Dong A Securities Company - Hong Kong

### 2.4.5. Makinta Securities Company – Indonesia

### 2.4.6. Lessons learned for Vietnam

From studying the experience of operations and improving the performance of securities companies in some countries around the world, the following main lessons can be drawn for securities companies in Vietnam as follows:

Firstly, securities companies need to have large enough financial potential.

Second, securities companies need to be well prepared in terms of technical facilities.

Third, it is necessary to focus on improving the quality of human resources and research activities.

Fourth, focus on developing consulting services.

Fifth, diversify professional activities and diversify customers.

Sixth, be flexible in business and make good use of the company's advantages.

## CHAPTER 3
## THE SITUATION OF BUSINESS PERFORMANCE OF THE SECURITIES COMPANY MEMBERS OF THE STOCK EXCHANGE IN VIETNAM

### 3.1. OVERVIEW OF VIETNAM'S VIETNAM SECTOR

**3.1.1. The process of formation and development of member securities companies of the Stock Exchange in Vietnam**

**3.1.2. Legal framework for operations of securities companies in Vietnam**

**3.1.3. Business operations of securities companies that are members of the Stock Exchange in Vietnam**

**3.1.4. Business results of securities companies that are members of the Stock Exchange in Vietnam in the period of 2013-2019**

As of December 31, 2019, the number of securities companies that are members of the Stock Exchange in Vietnam is 74 securities companies, however, only 71 securities companies have complete data and are published on the mass media during the period. study period from 2013-2019. Therefore, the content of chapter 3 of this thesis, the author focuses on researching and analyzing the business performance of 71 member securities companies of the Stock Exchange in Vietnam in the period 2013-2019.

The thesis divides 71 securities companies into three groups as follows:

- Group 1: Group of securities companies with total assets as of December 31, 2019 less than VND 1,000 billion

- Group 2: Group of securities companies with total assets as of December 31, 2019 from VND 1,000 billion to less than VND 5,000 billion

- Group 3: Group of securities companies with total assets as of December 31, 2019 of VND 5,000 billion or more

**Table 3.1. Profit after tax of securities companies that are members of the Stock Exchange in Vietnam in the period of 2013-2019**

*Unit: million VND*

| Profit after tax | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|
| Group 1 | 373.274 | -40.262 | 34.298 | -10.641 | 224.952 | 76.572 | 143.782 |
| Group 2 | 503.625 | 1.231.760 | 661.676 | 298.011 | 1.846.240 | 2.198.958 | 2.097.830 |
| Group 3 | 1.147.090 | 1.781.960 | 2.071.162 | 2.423.677 | 4.316.863 | 5.401.608 | 5.055.666 |
| Sum | 2.023.989 | 2.973.458 | 2.767.136 | 2.711.047 | 6.388.055 | 7.677.138 | 7.297.278 |
| Difference | 2014/2013 | 2015/2014 | 2016/2015 | 2017/2016 | 2018/2017 | 2019/2018 | |
| Group 1 | -110.79% | 185.19% | -131.03% | 2214.01% | -65.96% | 87.77% | |
| Group 2 | 144.58% | -46.28% | -54.96% | 519.52% | 19.10% | -4.60% | |
| Group 3 | 55.35% | 16.23% | 17.02% | 78.11% | 25.13% | -6.40% | |
| Sum | 46.91% | -6.94% | -2.03% | 135.63% | 20.18% | -4.95% | |

*Source: Compiled from financial statements of member securities companies of the Stock Exchange in Vietnam*

Profit after tax of securities companies in this period also has many changes over the years. In 2014, the total NPAT of securities companies

increased by 46.91% compared to 2013, but in 2015 it decreased by 6.94% compared to 2014 because the net revenue of securities companies decreased by 6.7%. However, in 2016, although net revenue increased by 42%, profit after tax decreased by 2.03%, which proves that the growth rate of expenses of securities companies is higher than the growth rate of revenue, unmanaged securities companies. good cost management in 2016. In 2017, the profit after tax of securities companies grew strongly with an increase of 135.63%. This is also the year marking the outstanding development of Vietnam's stock market with many impressive figures. However, in 2018, the NPAT of securities companies only grew by 20.18%, and in 2019 it decreased by 4.95%. This is also a sign of decline after a period of overheating of the stock market.

**3.2. THE SITUATION OF BUSINESS PERFORMANCE OF THE SECURITIES MEMBERS OF THE SECRET IN VIETNAM IN THE PERIOD OF 2013-2019**

**3.2.1. Indicators to evaluate the effectiveness of each activity of member securities companies**

*3.2.1.1. The level of contribution to the revenue of each activity*

Contributing to the total operating revenue of securities companies is from brokerage, consulting, proprietary trading, guarantee, custody and other activities.

**Table 3.3: Proportion of revenue from activities of securities companies**
**period 2013-2019**

| Revenue | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|
| Self-employment | 28.83% | 26.62% | 25.14% | 63.88% | 62.22% | 59.99% | 70.21% |
| Brokerage | 19.29% | 28.88% | 26.31% | 22.30% | 25.80% | 27.32% | 18.11% |
| Guarantee | 0.85% | 2.65% | 3.76% | 3.73% | 2.85% | 6.05% | 5.91% |
| Advisory | 9.71% | 7.31% | 6.74% | 6.60% | 6.58% | 4.26% | 2.30% |
| Depository | 1.34% | 0.95% | 1.26% | 1.31% | 1.10% | 1.04% | 1.61% |
| Other revenue | 39.98% | 33.60% | 36.79% | 2.19% | 1.45% | 1.34% | 1.86% |
| Total revenue | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

*Source: Compiled from financial statements of member securities companies of the Stock Exchange in Vietnam*

It can be seen that proprietary trading and brokerage activities are the two activities that bring the most revenue for securities companies. Especially, proprietary trading activities in recent years (from 2016-2019) accounted for a very high proportion of the total operating revenue of securities companies (accounting for 60-70%). The proportion of revenue from brokerage activities is quite stable over the years, ranging from 18.11% to 28.88%. Other revenue fluctuated greatly because in the 3 years from 2013 to 2015, the proportion of other revenue was quite high (all over 33%) but from 2016 to 2019, the proportion dropped sharply to only 1-2. %. The proportion of revenue from consulting activities is on a decreasing trend while the proportion of revenue from guarantee activities has tended to

increase gradually in the last 3 years. Depository revenue accounts for only a small proportion (fluctuating around the upper and lower threshold of 1%) of total operating revenue.

### 3.2.1.2. Revenue growth of key activities

Since brokerage and proprietary trading revenue account for the major proportion in the total revenue of securities companies, this thesis focuses on analyzing brokerage revenue growth and business growth. revenue from proprietary trading activities of groups of securities companies.

### a. Brokerage revenue growth

Brokerage activities are the main activities of most securities companies. Therefore, securities companies always focus and find ways to increase brokerage revenue each year. The results of the brokerage revenue growth of the stock companies of the Stock Exchange in the period 2013-2019 are as follows:

**Table 3.4: Growth in brokerage revenue of securities companies**

*Unit: million VND*

| Brokerage revenue | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|
| Group 1 | 194.072 | 342.892 | 271.825 | 251.244 | 410.109 | 544.006 | 437.401 |
| Group 2 | 533.285 | 1.198.349 | 950.71 | 1.138.987 | 1.785.725 | 2.102.153 | 1.628.434 |
| Group 3 | 582.926 | 1.339.725 | 1.216.050 | 1.543.693 | 2.721.278 | 4.134.369 | 2.579.841 |
| Sum | 1.310.283 | 2.880.966 | 2.438.585 | 2.933.924 | 4.917.112 | 6.780.528 | 4.645.676 |
| Growth | 2014/2013 | 2015/2014 | 2016/2015 | 2017/2016 | 2018/2017 | 2019/2018 | |
| Group 1 | 76.68% | -20.73% | -7.57% | 63.23% | 32.65% | -19.60% | |
| Group 2 | 124.71% | -20.67% | 19.80% | 56.78% | 17.72% | -22.53% | |
| Group 3 | 129.83% | -9.23% | 26.94% | 76.28% | 51.93% | -37.60% | |
| Sum | 119.87% | -15.36% | 20.31% | 67.60% | 37.90% | -31.49% | |

*Source: Compiled from financial statements of member securities companies of the Stock Exchange in Vietnam*

It can be seen that brokerage revenue of all 3 securities companies groups had the highest growth rate in 2014. But in 2015, brokerage revenue of all 3 groups decreased compared to 2014. The reason is due to 2015. Investors' cautious management is concerned about exchange rate, falling oil price and TPP negotiations have led to low market liquidity, gloomy trading market. In 2016, brokerage revenue of group 1 continued to decline with a decrease rate of 7.57%. The remaining two groups of securities companies have grown again with the growth rate of group 2 is 19.8% and group 1 is 26.94% compared to 2015. In 2017, all 3 groups of securities companies grew at a good growth rate. high. In 2018, brokerage revenue of all three groups continued to grow, but at a smaller rate than 2017. And by 2019, brokerage revenue of all three groups of securities

companies decreased compared to 2018, in which decreased. The most severe decline was group 3 with a reduction rate of 37.6%.

### b. Self-employment revenue growth

**Table 3.5: Growth in proprietary sales of securities companies**

*Unit: million VND*

| Self-employment revenue | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|
| Group 1 | 206.899 | 138.041 | 132.956 | 542.535 | 681.219 | 1.032.601 | 1.163.577 |
| Group 2 | 905.664 | 1.109.592 | 755.101 | 2.785.811 | 3.793.664 | 5.530.806 | 5.596.091 |
| Group 3 | 845.408 | 1.406.982 | 1.441.744 | 5.077.291 | 7.385.653 | 8.324.121 | 11.251.215 |
| Sum | 1.957.971 | 2.654.615 | 2.329.801 | 8.405.637 | 11.860.536 | 14.887.528 | 18.010.883 |
| **Growth** | **2014/2013** | **2015/2014** | **2016/2015** | **2017/2016** | **2018/2017** | **2019/2018** | |
| Group 1 | -33.28% | -3.68% | 308.06% | 25.56% | 51.58% | 12.68% | |
| Group 2 | 22.52% | -31.95% | 268.93% | 36.18% | 45.79% | 1.18% | |
| Group 3 | 66.43% | 2.47% | 252.16% | 45.46% | 12.71% | 35.16% | |
| Sum | 35.58% | -12.24% | 260.79% | 41.10% | 25.52% | 20.98% | |

*Source: Compiled from financial statements of member securities companies of the Stock Exchange in Vietnam*

In the whole period of 2013-2019, the proprietary revenue of securities companies only decreased in 2015, the remaining years increased. Self-trading revenue of group 3 and group 2 is much higher than that of group 1. Self-trading revenue of groups increased continuously from 2016 to 2019, of which the strongest increase was in 2016 with the growth rate of group 1 is 308.06%, group 2 is 268.93% and group 3 is 252.16%. Typically, in 2016, VPS Securities Company achieved more than 1,294 billion in proprietary trading revenue, while in 2015 VPS only achieved over 5.5 billion in proprietary trading revenue. This proves that in 2016, VPS had a sudden growth in self-trading revenue. SSI continuously led the market in terms of proprietary trading revenue in the whole period 2013-2019 (except in 2015 it was lower than TCBS Securities Company. The growth rate of proprietary trading revenue of all securities companies from 2016 to 2019. The growth rate of proprietary trading revenue in 2019 is only 1.18%, while that in 2018 is 45.79%. This is partly due to the strategy and reputation of the group. investment portfolio of securities companies, partly due to market fluctuations and the influence of macro factors.

### 3.2.1.3. The ratio of expenses to revenue from each activity of member securities companies

**Table 3.6: Ratio of expenses to revenue from each activity of groups of securities companies**

| Cost/Revenue Ratio | Group | Average period 2013-2019 |
|---|---|---|
| Self-employment activities | Group 1 | 50% |
| | Group 2 | 29% |
| | Group 3 | 33% |
| Brokerage activities | Group 1 | 75% |

| | Group 2 | 78% |
|---|---|---|
| | Group 3 | 66% |
| **Guarantee activities** | Group 1 | 8% |
| | Group 2 | 21% |
| | Group 3 | 2% |
| **Consulting activities** | Group 1 | 48% |
| | Group 2 | 64% |
| | Group 3 | 96% |
| **Depository activities** | Group 1 | 93% |
| | Group 2 | 116% |
| | Group 3 | 112% |
| **Other activities** | Group 1 | 562% |
| | Group 2 | 309% |
| | Group 3 | 198% |

*Source: Financial statements of securities companies for the period 2013-2019*

Looking at the table above, it can be seen that the cost-to-revenue ratio of guarantee activities is the lowest, other activities are the highest. Custodial activities also have a fairly high cost/revenue ratio, averaging 93% for group 1, 116% for group 2 and 112% for group 3. For consulting activities, group 1 is also the most effective among the three groups with the lowest average cost/revenue ratio of consulting activities (48%) while group 2 is 64% and group 3 is 96%. However, the proprietary performance of group 1 is the lowest, the average cost/revenue ratio is 50%, while that of group 2 is 29% and group 3 is 33%. Brokerage activities have a fairly high cost/revenue ratio, with an average of 75% for group 1, 78% for group 2 and 66% for group 3. This is a key activity of most securities companies, but the cost to generate 1 dong of revenue for this activity is still high. Securities companies need to have appropriate measures to save brokerage costs and generate more profits. from this activity further.

**3.2.2. Indicators to evaluate the profitability of member securities companies**

**Table 3.7: Profitability ratios of securities companies in the period of 2013-2019**

*Unit: billion VND*

| Targets | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|
| 1. Profit After Tax | 2.024 | 2.973 | 2.767 | 2.711 | 6.388 | 7.677 | 7.297 |
| 2. Total net sales | 6.880 | 10.012 | 9.342 | 13.244 | 19.132 | 24.921 | 26.265 |
| 3. Average assets | 58.571 | 60.277 | 69.671 | 74.635 | 87.747 | 113.681 | 141.086 |
| 4. Average equity | 32.129 | 35.332 | 39.302 | 42.382 | 49.416 | 62.290 | 75.543 |
| 5. ROS = (1) / (2) | 29.41% | 29.70% | 29.62% | 20.47% | 33.39% | 30.81% | 27.78% |
| 6. ROA = (1)/(3) | 3.46% | 4.93% | 3.97% | 3.63% | 7.28% | 6.75% | 5.17% |
| 7. ROE = (1)/(4) | 6.30% | 8.42% | 7.04% | 6.40% | 12.93% | 12.32% | 9.48% |

*Source: Compiled from financial statements of member securities companies of the Stock Exchange in Vietnam*

**Table 3.8. Comparing profitability ratios of securities companies with the period 2008-2012**

| Targets | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------|------|------|------|------|------|
| **ROS** | -37.01% | 46.16% | 15% | -34.00% | 14.04% |
| **ROA** | -5.88% | 8.11% | 2.54% | -5.00% | 1.96% |
| **ROE** | -15.06% | 17.42% | 5.10% | -11.00% | 4.19% |

*Source: Compiled from financial statements of member securities companies of the Stock Exchange in Vietnam*

The indicators ROS, ROA and ROE of securities companies in the period of 2013-2019 all have positive values. Specifically, ROS reached the highest level of 33.39% in 2017, in the remaining years, it reached from 20.47% to 30.81%. This is a relatively high profitability rate because in the period 2008-2012, ROS were negative in 2008 and 2011, only reached a positive value in 2009, 2010 and 2012. ROA increased and decreased from 3.46% to 7 ,28%. Compared to the previous period, ROA is considered to be more stable, because in the period 2008-2012, ROA in 2008 was the lowest at -5.88% and then increased to the highest at 8.11% in 2009. Indicators ROE of securities companies in this period was positive and all reached over 5%, which is considered good. The highest ROE in 2017 was 12.93% and the lowest in 2013 was 6.3%. Thus, it can be assessed that the profitability as well as the business efficiency of securities companies in the period of 2013-2019 is higher than that of the period 2008-2012. This result is also due to the fact that the restructuring of securities companies has been implemented since 2012 and is relatively successful. The number of securities companies has decreased and the quality of operations has been improved. However, the profitability indicators of securities companies in the last 3 years (2017-2019) are on a downward trend, proving that the business performance of securities companies is declining, and securities companies need to have timely measures to improve business performance in the coming years.

**Table 3.9: Profitability ratios of each group of securities companies period 2013-2019**

| Targets | Group | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------|-------|------|------|------|------|------|------|------|
| **ROS** | **Group 1** | 40.57% | -4.05% | 3.66% | -1.07% | 16.12% | 4.03% | 6.91% |
| | **Group 2** | 17.13% | 29.97% | 17.56% | 6.73% | 29.98% | 26.82% | 24.49% |
| | **Group 3** | 38.49% | 36.31% | 44.66% | 30.98% | 37.28% | 36.44% | 32.37% |
| **ROA** | **Group 1** | 3.37% | -0.39% | 0.33% | -0.10% | 2.15% | 0.71% | 1.15% |
| | **Group 2** | 1.92% | 4.88% | 2.43% | 1.08% | 6.04% | 5.87% | 4.66% |
| | **Group 3** | 5.40% | 7.22% | 6.45% | 6.64% | 9.24% | 8.25% | 6.05% |
| **ROE** | **Group 1** | 5.93% | -0.56% | 0.47% | -0.14% | 2.64% | 0.83% | 1.35% |
| | **Group 2** | 3.78% | 8.28% | 3.95% | 1.70% | 9.66% | 9.43% | 7.68% |
| | **Group 3** | 9.67% | 13.47% | 13.60% | 14.18% | 19.83% | 18.15% | 13.46% |

Looking at Table 3.9, it can be assessed that the business performance through the profitability ratios of group 1 is very low, group 2 is higher than group 1, but it is not stable, and group 3 has high profitability ratios. are quite stable and the profitability ratio is also quite high, however, there are signs of decline in the last two years.

### 3.2.3. Criteria to assess the level of financial safety of member securities companies

### 3.2.3.1. Indicators of the ratio of available capital of securities companies

**Figure 3.1: Average ratio of available capital of securities companies period 2013-2019**
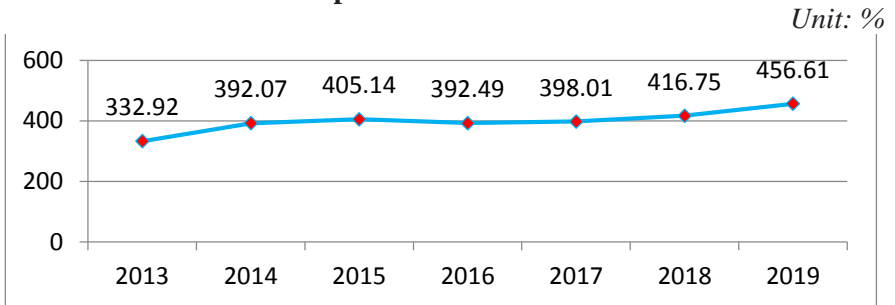
*Unit: %*

The average ratio of available capital of securities companies tends to increase gradually over the years (only slightly decreased in 2016 and 2017). At the same time, the number of securities companies that do not meet this safety criterion has also decreased. Most of the securities companies currently operating in the market meet the requirements for the available capital ratio.

### 3.2.3.2. Ratio of accounts receivable to total assets

**Figure 3.2: Ratio of receivables to total assets of securities companies**
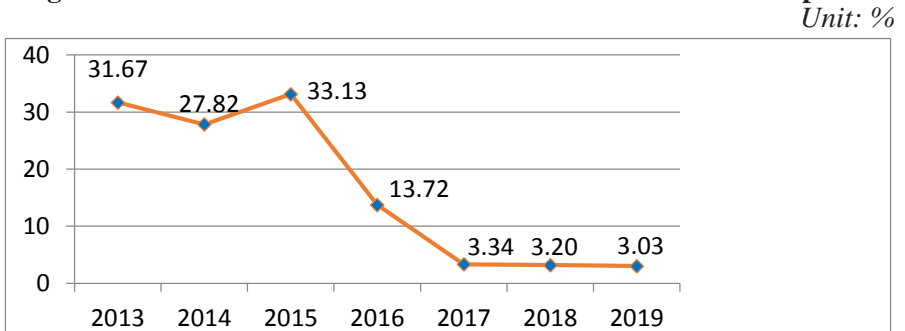
*Unit: %*

Looking at chart 3.2, it can be seen that the ratio of receivables to total assets of securities companies tends to decrease over the years and is at a very low level in the last 3 years (over 3%). The previous years were also below 50%. Thus, it can be seen that the ratio of receivables to total assets of securities companies in the period 2013-2019 is safe. However, if considering each securities company separately, there are still some securities companies with this ratio quite high (over 75%).

### 3.3. RESEARCHING FACTORS AFFECTING THE BUSINESS EFFICIENCY OF THE SECTORS MEMBERSHIP IN VIETNAM

#### 3.3.1. Overview of factors affecting the BUSINESS PERFORMANCE of securities companies

#### 3.3.2. Descriptive statistics of factors affecting BUSINESS PERFORMANCE of securities companies

#### 3.3.3. Testing the factors affecting the BUSINESS EFFICIENCY of member securities companies of the Stock Exchange in Vietnam today

*3.3.3.1. Research model and research hypothesis*

*a. Research models*

Based on an overview of domestic and foreign studies on factors affecting the BUSINESS PERFORMANCE of enterprises in general and securities companies in particular and based on the reality of securities companies in Vietnam and to solve To decide the research objectives, the author gives the research model and the variables used in the research model of the thesis.

The proposed research model:

$ROA_i = a_0 + a_1*SIZE_i + a_2*GROWTH_i + a_3*COI_i + a_4*TANG_i + a_5*CS_i + a_6*CPI_i + a_7*GDP_i + a_8*VN30_i + e_i$ (1)

In which, $ROA_i$ is the dependent variable in the ith observation; SIZE, CS, TANG, GROWTH, COI, GDP, CPI, VN30 are independent variables; $a_0$ is the intercept factor; $a_1, a_2,…, a_8$ are the slope or angle coefficients of the model; $e_i$ is the random error in the ith observation.

- Asset size (SIZE) is measured by the logarithm of total assets

- Revenue growth (GROWTH) is measured by the rate of increase (decrease) in sales of the following year compared to the previous year.

- Long-term assets ratio (TANG) is measured by long-term assets divided by total assets

Cost-to-revenue ratio (COI) is measured by the total operating expenses divided by the total revenue from the securities operations.

- The debt ratio (CS) is measured by total debt divided by total assets

- Economic growth rate (GDP) is measured by the rate of increase (decrease) of GDP of the following year compared to the previous year.

The inflation rate is measured by the consumer price index (CPI).

- VN30 index growth is measured by the rate of increase (decrease) of the VN30 index of the following year compared to the previous year.

*b. Research hypotheses*

From the research overview and experimental research results, the study selects a number of suitable factors to include in the model with the following hypotheses:

H1: Asset size (SIZE) is positively related to ROA

H2: Revenue growth (GROWTH) is positively related to ROA

H3: Cost-to-sales (COI) ratio has a negative effect on ROA

H4: Ratio of long-term assets (TANG) has a negative effect on ROA

H5: Debt ratio (CS) has a negative effect on ROA

H6: Inflation rate (CPI) has a positive effect on ROA.

H7: Economic growth rate (GDP) has a positive effect on ROA.

H8: VN30 growth has a positive impact on ROA

*c. Research Methods*

The study uses data from the financial statements of 71 securities companies members of the Stock Exchange in Vietnam in the period 2013-2019 with 497 observations. Research using STATA 14 software, conduct descriptive statistics, analyze correlation between variables, build regression model and test the model. The study explains the impact of the independent variables on the dependent variable from the research results.

The study uses the correlation analysis method to determine the relationship between the independent variables and the dependent variable; Next, Hausman test to choose a suitable model between the two models REM (random effects model) and FEM (fixed effect model), then conduct necessary tests on the model such as: multicollinearity test, autocorrelation test, variable error variance test; Finally, the method of weighted regression (GLS) is used to handle the model's errors for efficient selection and estimation.

### 3.3.1.1. Kết quả nghiên cứu

The results of descriptive statistics of the research data are presented in Table 3.10 as follows:

**Table 3.10: Descriptive statistics**

| Variable name | Number of observations | Value average | Standard deviation | Value minimum | Value biggest |
|---|---|---|---|---|---|
| ROA | 497 | 0.0219387 | 0.0939824 | -0.83782 | 0.51267 |
| SIZE | 497 | 5.664066 | 0.6457318 | 4.055646 | 7.432073 |
| CS | 497 | 0.2539606 | 0.2351741 | 0.000959 | 0.992578 |
| TANG | 497 | 0.1124986 | 0.1346051 | 0.00249 | 0.737887 |
| GROWTH | 497 | 0.6614668 | 3.169099 | -1 | 46.31387 |
| COI | 497 | 0.6364039 | 1.088433 | -3.42295 | 19.33214 |
| GDP | 497 | 0.0645714 | 0.0056668 | 0.0542 | 0.0708 |
| CPI | 497 | 0.0369429 | 0.0169471 | 0.0063 | 0.066 |
| VN30 | 497 | 0.1080714 | 0.1935302 | -0.1236 | 0.5389 |

*Source: Author's research on STATA . software*

The results of the correlation analysis show that the ROA variable is correlated with all the independent variables. In which variables TANG, CPI and COI have a negative relationship with ROA. The remaining variables are SIZE, CS, GROWTH, GDP and VN30 which have a positive relationship with ROA.

Next, the study performed regression according to Fixed Effects model (FEM) and random effects model Random Effects (REM) and Hausman test to

choose FEM or REM model as appropriate. The results show that the REM model is suitable.

The study continues to test for multicollinearity between the variables in the model and to test the variance of variance. The results of the multicollinearity test showed that the independent variables had VIF values <5, indicating that the independent variables did not have multicollinearity. The variable variance test shows that the REM model has variable variance. To overcome the error of variable variance error by GLS weighted regression to find efficient estimator.

Estimation results by GLS method for efficient regression model show that only 2 variables GDP and CPI are not statistically significant at 1%, 5% and 10% significance levels. The signs of the regression coefficients are consistent with the expected signs in the research hypotheses and with previous studies.

**Table 3.11: Estimated results according to GLS**

| ROA | Coef. | Robust Std. Err. | t | P>\|t\| | [95% Conf. Interval] | |
|---|---|---|---|---|---|---|
| SIZE | .0513726 | .010952 | 4.69 | 0.000 | .0298537 | .0728915 |
| CS | -.0698157 | .029495 | -2.37 | 0.018 | -.1277686 | -.0118628 |
| TANG | -.09965 | .0270774 | -3.68 | 0.000 | -.1528527 | -.0464473 |
| GROWTH | .0029461 | .0014011 | 2.10 | 0.036 | .0001931 | .005699 |
| GDP | -.5557323 | 1.352501 | -0.41 | 0.681 | -3.213177 | 2.101712 |
| CPI | -.2722866 | .3637938 | -0.75 | 0.455 | -.9870821 | .4425089 |
| COI | -.0240206 | .0147906 | -1.62 | 0.105 | -.0530818 | .0050405 |
| VN30 | .0354429 | .0215044 | 1.65 | 0.100 | -.0068098 | .0776955 |
| _cons | -.1846072 | .0772733 | -2.39 | 0.017 | -.3364366 | -.0327778 |

*Source: Author's research on STATA . software*

From the estimation results, the regression model measures the impact of factors on the return on total assets (ROA) of securities companies as follows:

ROA = -0.1846 + 0.0513*SIZE – 0.0698*CS - 0.0997*TANG+ 0.0029*GROWTH- 0.0240*COI + 0.0354* VN30+ e (2)

Research results show that ROA is most strongly affected by the ratio of assets to total assets (TANG) and the relationship is inverse, that is, if securities companies increase the ratio of long-term assets to total assets. production, the ROA is reduced. This result is consistent with the study of Rami Zeitun and Gary Gang Tian (2007); Fozia Memon, Niaz Ahmed Bhutto and Ghulam Abbas (2012). Next is the effect of debt to total assets, if the securities company increases the debt ratio, the ROA will decrease. This result is consistent with the study of Fozia Memon, Niaz Ahmed Bhutto and Ghulam Abbas (2012), Abor (2005), Pouraghajan et al (2012), Bontis et al (2000). The size of securities companies also has a significant effect on ROA and positively affects ROA. This result is consistent with the research of Theo Rami Zeitun and Gary Gang Tian (2007), Taani and Banykhaled (2011), Adekunle and Kajola (2010), Odalo et al (2016), Lam My Tuyet (2017) and Pham. Hoang Oanh (2019).

Therefore, in order to increase ROA, securities companies must increase the size of assets, but it is necessary to pay attention to the ratio of long-term

assets to total assets. The growth of VN30 index also has a positive effect on ROA, that is, when the stock market operates effectively, the VN30 index grows well, ROA of securities companies is also increased. This is completely appropriate because the growth of VN30 proves that the stock market operates effectively, including the contribution of securities companies. The ratio of expenses to revenue COI of securities companies has a small and negative impact on ROA. That is, if securities companies do not control costs well, leading to an increase in the cost-to-revenue ratio, ROA will decrease. This result is consistent with the research of Duong Thi Thanh Hai (2019), Doan Thi Thu Ha (2018), Le Dai Thanh (2017). Finally, revenue growth (GROWTH) has a negligible impact on ROA and has a positive effect, that is, when the revenue growth rate is increased, ROA will also increase in terms of other factors. change. This result is consistent with the study of Rami Zeitun and Gary Gang Tian (2007); Fozia Memon, Niaz Ahmed Bhutto and Ghulam Abbas (2012), Hoang Tung (2016).

### 3.4. ASSESSMENT OF THE STATUS OF BUSINESS PERFORMANCE OF THE STOCK COMPANY MEMBERS OF THE SEK IN VIETNAM TODAY

#### 3.4.1. These achievements

Firstly, in terms of business results: revenue and profit of securities companies have tended to increase in recent years, especially in 2016 and 2017 which increased sharply compared to 2015. In the last three years, the number of securities companies with losses has been The trend is gradually decreasing, group 2 and group 3 have almost no loss-making securities companies, group 1 has about 8 to 12 securities companies with losses, a significant decrease compared to previous years.

Secondly, about the efficiency of activities of securities companies: Brokerage activities and proprietary trading activities have the highest proportion of revenue among the activities of securities companies. Brokerage and proprietary trading revenue has grown continuously over the years, especially in 2015, self-trading revenue has grown by leaps and bounds with an increase of over 260% and all groups have grown strongly. Although guarantee activities account for a small proportion of the total revenue of activities, this activity has the lowest cost-to-revenue ratio among activities. Thus, if securities companies well exploit guarantee activities, they will bring high efficiency.

Third, in terms of profitability: Profit rates of securities companies have had positive changes in the period 2013-2019. If in the period 2007-2012, the ROS, ROA and ROE indicators of securities companies were still negative or low, then in the period of 2013-2019, the profit ratio indicators were positive and at higher level.

Fourth, about financial safety of securities companies: Financial safety of securities companies in the period of 2013-2019 has been improved. The average ratio of available capital of securities companies tends to increase gradually over the years, the number of securities companies that do not meet this safety criterion has also decreased. The ratio of receivables to total assets of securities companies tended to decrease over the years and remained at a very low level in

the last 3 years (over 3%). There are only a few securities companies that have not yet ensured financial safety, however, the number of securities companies that have not yet ensured financial safety has gradually decreased over the years.

### 3.4.2. The existence and causes
### 3.4.2.1. Limitations

Firstly, in terms of business results: net revenue and profit after tax of securities companies are uneven among groups, mainly focusing on group 3, accounting for 54.39% of total revenue and 69.72% of total revenue. profits of securities companies. Besides the securities companies with high business results, there are still many securities companies with losses and consecutive losses over the years. In which, the group of securities companies with total assets of less than 1,000 billion VND has the largest number of loss-making securities companies. That shows that these securities companies have not managed well their costs, have not made full use of their capacity to seek revenue and especially have not improved their competitiveness in the market.

Secondly, about the efficiency of activities of securities companies: Securities companies still only focus on two areas of operation: proprietary trading and brokerage, and the area of consulting and underwriting has not yet been paid attention and exploited to take full advantage its capacity. Revenue from consulting, guarantee and depository activities still accounts for a very small proportion of the total revenue from activities of securities companies. Brokerage activities have had unstable revenue growth over the years and are showing signs of decline in 2019 compared to 2018. Proprietary trading activities have grown over the years, but the growth rate is still there. signs of decline, especially the securities companies of group 2. Depository and other activities have a very high cost-to-revenue ratio, making the profit from these two activities very low or negative.

Third, in terms of profitability: the profitability ratio of securities companies is still not commensurate with the real potential of securities companies, especially large ones. Typically, SSI Securities Company has the largest potential in terms of equity as well as total assets in the market. Profit after tax is also the highest every year, but ROE is lower than other securities companies in the group. That proves that SSI's profit growth is not commensurate with the company's financial resources. Moreover, if considering the group of securities companies, the average profitability of the securities companies in group 1 is still very low, even negative. Many securities companies have ROE less than 0 consecutively for many years, even in the period of 2013-2019, with many potential risks for securities companies.

Fourth, about the financial safety of securities companies: Although the financial safety of securities companies in the period of 2013-2019 has been improved. However, there are still a few securities companies that have not yet ensured financial safety, the ratio of available capital and the ratio of receivables to total assets still exceeds the prescribed level.

### 3.4.2.2. The cause of the limitations

According to the results from the research model on the factors affecting the business performance of the securities companies that are members of the

Stock Exchange in Vietnam in section 3.3 along with the results of surveys and interviews with experts and managers of securities companies ( Appendix 4), it is possible to conclude some causes leading to shortcomings and limitations in business performance of securities companies that are members of the Stock Exchange in Vietnam as follows:

*a. Subjective reasons (from securities companies)*

Firstly, the financial potential of some member securities companies of the Stock Exchange in Vietnam is still small

Second, the capital structure is not reasonable.

Third, the structure of assets also affects the business performance of securities companies.

Fourth, the management of operating costs of securities companies is still not effective, especially group 1.

Fifth, the revenue growth rate (GROWTH) in the last three years of securities companies has shown signs of decline.

Sixth, the management capacity of securities companies is not high.

Seventh, the development of strong and spearhead activities of securities companies has not been clearly identified,

Eighth, risk management capacity is the market risk management, operational risk of securities companies is still limited.

Ninth, the staff of the Securities Company has not fully met the requirements of the job as well as the customers.

Tenth, marketing, advertising, brand positioning and positioning of securities companies have not been focused.

Eleventh, the technical analysis and fundamental analysis departments of the securities companies have not reached a high level and only focus on good analytical personnel in a few securities companies.

*b.Objective reasons*

Firstly, the institutions that govern the operation and compliance and transparency of the stock market are incomplete, synchronous and not close to international practices.

Secondly, the volatility of the stock market in the period 2013-2019 also affects the BUSINESS EFFICIENCY of securities companies.

Third, the scale and liquidity of Vietnam's stock market, although growing strongly year by year, is still quite small compared to other countries in the region and the stability is not high.

Fourth, the understanding of businesses and investors about the services of securities companies is still not high

Fifth, the IT system and database, although focused on investment, have not yet met the development and integration requirements of the stock market.

Sixth, the commitment to open the financial market creates competitive pressure for domestic securities companies.

## CHAPTER 4
## SOLUTIONS TO IMPROVE BUSINESS PERFORMANCE OF SECURITIES COMPANIES MEMBER STOCK EXCHANGE IN VIETNAM

**4.1. GOALS, ORIENTATIONS FOR DEVELOPING VIETNAM STOCK MARKET AND SECURITIES COMPANY IN VIETNAM BY 2025**

**4.1.1. Objectives and development orientation of Vietnam's stock market up to 2025**

**4.1.2. Objectives and orientations for the development of securities companies in Vietnam by 2025**

**4.2. POINT ON IMPROVING THE BUSINESS PERFORMANCE OF THE SECURITIES MEMBERS OF THE SEK IN VIETNAM**

Firstly, improving the business performance of securities companies that are members of the Stock Exchange in Vietnam must be based on the goals and development orientations of the Vietnamese stock market and the development goals and orientations of securities companies in Vietnam during the period. next.

Secondly, improving the business performance of securities companies must ensure the immediate and long-term benefits of securities companies.

Third, improving the business performance of securities companies must be consistent with the requirements and development level of the stock market and financial market in Vietnam.

Fourth, improving the business performance of securities companies requires a harmonious combination of diversification and specialization of business operations.

Finally, improving the business performance of securities companies in the current conditions must always be associated with the development of the process of international integration of the stock market.

**4.3. MAJOR SOLUTIONS TO IMPROVE THE BUSINESS PERFORMANCE OF THE SECTORS MEMBERSHIP IN VIETNAM Stock Exchange**

**4.3.1. General solutions for securities companies**

*4.3.1.1. Improve financial potential*

Firstly, increase the number of strategic investors who are large financial institutions through joint venture activities, selling shares to strategic investors to create momentum to improve the company's financial potential.

Second, encourage securities companies that are organized under the model of limited liability companies to convert into joint stock companies or public companies.

Third, rationally use bond instruments to improve the financial potential of securities companies.

Fourth, in the current situation, it is necessary to strictly control debt activities, especially short-term loans and provide financial services of securities companies.

*4.3.1.2. Improve the quality of human resources*

Firstly, develop a plan and recruit staff with qualifications and professional ethics.

Second, innovate and improve the quality of training

Third, build an appropriate remuneration system

### 4.3.1.3. Development of modern technology system

- In the context of globalization of the financial market and the development of science and technology 4.0, securities companies need to apply software to support investors in portfolio management, advice and early warnings to help investors. balance the portfolio according to market movements, easily seize opportunities and control risks sooner.

- In addition, it is necessary to apply technology in analyzing and trading securities via Robot to support investors anytime, anywhere.

- At the same time, in order to attract customers in opening accounts, securities companies need to apply facial recognition technology and confirm digital signatures, creating favorable conditions for both customers and brokers, ensuring prompt , safe and accurate.

### 4.3.1.4. Improve risk management capacity

The risk management of securities companies should focus on the following main contents:

- In risk management, special attention should be paid to the step of identifying potential risks

- Building and organizing the operation of an effective and efficient risk management system.

- Develop methods and methods to handle arising risks suitable to each business operation of the company, in accordance with the risk handling standards established by law.

- Inspection activities of the SSC for securities companies need to be carried out based on different levels. One of the important criteria is the level of risk and the risk management capacity of the company.

- Developing risk management tools must be associated with preventing conflicts of interest between securities companies and customers, between customers and customers, between securities company employees and securities company employees, and between securities company employees and customers.

### 4.3.1.5. Securities company restructuring

In the process of operation, companies in general and securities companies in particular need to restructure the company to suit the development conditions at each stage. When conducting corporate restructuring, companies often restructure one, some or all of the related issues such as ownership restructuring (changing ownership form), capital restructuring, organizational restructuring and operational restructuring. In the coming time, securities companies need to restructure all four segments above.

### 4.3.1.6. Improve management capacity

Firstly, managers of securities companies need to raise awareness about the role and principles of governance

Second, securities companies need to actively apply tools to improve corporate governance standards

Third, improve the governance capacity of the leaders of securities companies

Fourth, build and issue a system of internal regulations

Fifth, the securities company must manage the relationship between the parties with related interests

### 4.3.2. Solutions for groups of securities companies

*4.3.2.1. Solutions for the group of securities companies with assets under 1,000 billion (group 1)*

*\* Merger into a large securities company*

In order to ensure compliance with the law and maximize the interests of the parties, the merger method that can be selected is to transfer all assets, rights, obligations and legitimate interests of the merged securities company to the securities company. The merger and the merged securities company will inherit all legal rights and interests, and at the same time be responsible for all property obligations, obligations towards employees, customers and other obligations of the securities company. merged from the date of commencement of merger. The business lines and scope of business activities of the merged company after the merger shall remain the same according to the lines and scope of business activities of the merging company as specified in the establishment and operation license, including: securities world; Securities trading; Underwriting securities; Securities investment consulting; Securities depository; Financial consulting activities; Other financial services.

*\* Improve competitiveness*
+ Improve service quality
+ Culture of innovation
+ Develop marketing materials for potential partners
+ Brand building for securities companies
*\*Develop strong activities*

To develop brokerage activities, group 1 securities companies need to implement the following solutions:

+ Develop a policy of diversified products, making a difference but still suitable to the needs of different investors.

+ Classify customers to have preferential policies and provide appropriate services.

+ Make fair transactions for investors.

+ Attract more customers to open accounts at the company.

To develop consulting activities, small securities companies need to implement the following solutions:

+ Diversify forms of securities investment consulting
+ Diversify consulting content
+ It is necessary to rely on the company's reputation and strengths in other activities to further develop financial consulting activities.

+ Actively looking for customers.
+ Need to be aware of the level of competition.
*\* Improve cost management efficiency*

- First, simplify the management apparatus of securities companies
- Second, cutting costs effectively
- Third, cost control

### *4.3.2.2. Solutions for group 2 and group 3 securities companies (with assets of 1000 billion or more)*

*\* Development of underwriting and consulting activities*

Firstly, to develop underwriting activities, securities companies need to:

- Always have to be ready in terms of capital potential.
- Analyze and evaluate the issuer well to minimize the risk from the underwriting.
- Must change the operating mechanism for the guarantor.

Second, to develop consulting activities, securities companies need to:

- Securities companies need to have a stable software system that integrates many utilities and security.
- The staff must be strong enough.
- Securities companies need to have good relationships with businesses as well as with customers to take advantage of opportunities from big deals.
- Securities companies need to do well in both areas of brokerage, divestment and M&A.

*\* Adding new products, new services to the transaction*

Firstly, it is necessary to research and introduce new issuance methods as soon as possible, such as the book building method that many developed markets are applying.

Second, put in stock futures trading.

Third, continue to introduce futures products on the new index; index options contracts; Futures contracts, single stock options...

*\* Attracting foreign securities investment accounts*

- Organize programs and events to introduce about Vietnam's stock market as well as the competitiveness of securities companies to attract foreign investors to Vietnam.
- Securities companies need to build a multi-national staff, and at the same time build a working culture in the direction of transparency, cohesion and responsibility.
- Improving the quality of products and services, modern techniques and technologies, ensuring safety, speed and convenience for customers.

### **4.4. RECOMMENDATIONS TO STATE MANAGEMENT AGENCIES**

#### **4.4.1. Restructuring securities business organization**

#### **4.4.2. Handling solutions for securities companies**

#### **4.4.3. Improve capacity for management, supervision and enforcement**

#### **4.4.4. Enhancing the role of professional associations in stock market development**

**CONCLUDE**

Securities company is an important financial institution in the market economy. Through securities companies, businesses can raise capital, investors can invest in the most effective way. With highly specialized operations, securities companies are an important factor in increasing the efficiency of capital mobilization of the stock market, contributing to the development of the economy. Therefore, improving the business performance of securities companies is meaningful not only to the securities companies themselves but also to the stock market.

Through the study of the topic "Business performance of securities companies that are members of the Stock Exchange in Vietnam", the thesis has clarified the views on business performance of securities companies, performance evaluation criteria. business activities of securities companies, factors affecting the business performance of securities companies and lessons learned on improving business performance of securities companies in the world

Based on the theoretical foundation of the business performance of securities companies, the thesis has analyzed and evaluated the current situation of business performance of securities companies that are members of the Stock Exchange in Vietnam in the period 2013-2019. In general, the business performance of the securities companies that are members of the Stock Exchange in Vietnam has improved compared to the previous period, however, the business performance is not stable, uneven and not commensurate with the potential of the company. securities companies. The cause is pointed out through a quantitative research model of factors affecting the business performance of securities companies. In which, the ratio of long-term assets to total assets has the strongest influence on the business performance of securities companies, followed by factors such as debt ratio, capital size and index growth. VN30. The revenue growth factor and the cost-to-revenue ratio also affect the business performance of securities companies, but at a low level. In addition to the causes pointed out from the quantitative research model, the thesis also points out other subjective and objective causes through survey results, interviews with experts and managers of securities companies.

From the research results of the thesis, the thesis has proposed solutions to improve business performance based on the goal of orienting the development of the stock market and securities companies to 2025, and also based on the viewpoint of improving the business performance. improve business performance of securities companies that are members of the Stock Exchange in Vietnam. The proposed solutions can be applied to the reality of the member securities companies of the Stock Exchange in Vietnam in order to improve business performance.

However, the thesis still has some limitations such as: the number of survey samples for experts and managers of securities companies is still small, the number of securities companies selected for the survey is not rich. At the same time, the thesis has not studied the social effects achieved by securities companies. The limitations mentioned above are also suggestions for future research directions.